

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL MEMORANDUM**

**SB 902 – HB 1006**

March 24, 2015

**SUMMARY OF ORIGINAL BILL:** Establishes requirements regarding the treatment of certain patients with cancer by requiring all physician-prescribed proton therapy for the treatment of breast or prostate cancer under a hypofractionated protocol as part of a clinical trial or registry to be covered by commercial insurance as an in-network service and by TennCare.

Establishes the required number of treatments for both breast and prostate cancer and a fixed amount payable for the proton treatment delivery for both the initial treatments and any additional treatments. Specifies that if the application of the fixed rates exceed the total cost of intensity modulated radiation therapy (IMRT) treatment for TennCare enrollees and the state sponsored health plans, the percentages will be adjusted for both programs so that the cost of a course of hypofractionated proton therapy treatment is equal to the programs weighted average cost for a standard course of IMRT treatment. Also allows for adjustments if a payer's cost exceeds the weighted average total cost for a standard course of IMRT treatment.

Benefits will be subject to the annual deductible and coinsurance established for all other similar benefits within the policy or contract of insurance; provided the annual deductible and coinsurance for the benefits cannot be greater than the annual deductible and coinsurance established for all other similar benefits within that policy or contract of insurance.

**FISCAL IMPACT OF ORIGINAL BILL:**

Increase State Expenditures – Exceeds \$6,534,800

Increase Federal Expenditures – Exceeds \$484,400

Potential Impact on Health Insurance Premiums (required by Tenn. Code Ann. § 3-2-111): Such legislation will result in an increase in the cost of health insurance premiums for hypofractionated proton therapy treatment being provided by plans that do not currently offer these benefits at the proposed mandated levels. It is estimated that the increase to each individual's total premium will be less than one percent. A one percent increase in premium rates could range between \$50 (single coverage) and \$140 (family coverage) on average depending on the type of plan.

**IMPACT TO COMMERCE OF ORIGINAL BILL:**

Increase Business Revenue – Exceeds \$7,019,200

Increase Business Expenditures – Less than \$7,019,200

**SB 902 – HB 1006**

**SUMMARY OF AMENDMENT (004784):** Deletes all language after the enacting clause. Establishes the Cancer Patient Choice Act. Requires all commercial insurance that covers IMRT for the delivery of a biological effective dose for a particular indication to cover the delivery of the same biological effective dose for the same indication with physician-prescribed, hypofractionated proton therapy on the same basis. Commercial insurers are required to reimburse the provider the same aggregate amount if the patient is treated as part of a clinical trial or registry, and the total cost for the course of hypofractionated proton therapy treatment is no greater than the total cost of a standard course of IMRT treatment for the same indication. Authorizes the patient's treating radiation oncologist to determine the appropriate course of IMRT treatment and the alternative hypofractionated proton therapy treatment to deliver the same biological effective dose, but specifies the treatment ratios for breast cancer treatment. Establishes the methodology to be used to determine the aggregate cost structure to be used to determine reimbursements. Authorizes annual deductible and co-insurance at similar amounts for radiation therapy benefits. Exempts the TennCare program and the state, local education, and local government health plans from the provisions of the bill.

## **FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

### **Increase State Expenditures - \$3,800**

**Potential Impact on Health Insurance Premiums (required by Tenn. Code Ann. § 3-2-111):** Such legislation will result in an increase in the cost of health insurance premiums for hypofractionated proton therapy treatment being provided by plans that do not currently offer these benefits at the proposed mandated levels. It is estimated that the increase to each individual's total premium will be less than one percent. A one percent increase in premium rates could range between \$50 (single coverage) and \$140 (family coverage) on average depending on the type of plan.

Assumptions for the bill as amended:

- Due to the exemptions in the bill, there will be no additional costs to the TennCare program or the state sponsored state employee, local education, and local government health plans.
- Based on information provided by the Division of Health Care Finance and Administration, the AccessTN program had one member that diagnosed with breast cancer. The estimate is based on at least one AccessTN enrollee receiving proton therapy.
- The total allowed claim for the AccessTN member was \$8,519. The provisions of the bill require payment rate percentages to be adjusted so that the weighted average total cost for a standard course of IMRT treatment based on the payer's payment data is equal to the total cost of a course of hypofractionated proton therapy. Using the 33 treatments of IMRT, the standard course of treatment for the enrollee is estimated to cost \$12,337; therefore, the increase in expenditures to the AccessTN program is estimated to be \$3,818 (\$12,337 - \$8,519).

- Based on the information provided by the Department of Commerce and Insurance, the provisions of the bill as amended creates a new pay parity mandate; therefore the state will not be required to defray any costs associated with this amendment.
- The Department of Commerce and Insurance (DCI) is responsible for regulation of the provisions of the bill. Any cost incurred due to regulation can be accommodated within existing resources without an increased appropriation or reduced reversion.
- Private sector health insurance premium impact: The provisions of the bill will result in an increase in covered individuals receiving benefits for cancer. Health insurance premiums could increase to cover the costs of the additional benefits; the estimated cost to health insurance for hypofractionated proton therapy is estimated to increase each individual's total premium by less than one percent. Based on a 2011 report by the Fiscal Review Committee staff, a one percent increase in premium rates will range between \$50 (single coverage) and \$140 (family coverage) on average depending on the type of plan.

## **IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:**

**Other Business Impact – Due to a number of unknown factors, an exact impact cannot be determined, but is reasonably estimated to be positive for business in the state.**

Assumptions for the bill as amended:

- Health care providers that provide hypofractionated proton therapy treatment will incur an increase in revenue to cover the cost of the increased coverage provided by insurance companies as a result of the proposed legislation.
- Insurance companies will increase premium revenue to cover any increased costs for the additional coverage.
- An exact impact to commerce cannot be determined due to a number of unknown factors but the overall net impact to business in the state is estimated to be positive.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Jeffrey L. Spalding, Executive Director

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